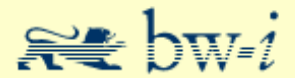


Mechanical Engineering in Europe



Baden-Württemberg

Baden-Württemberg International



Mechanical Engineering in Europe

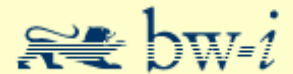
The purpose of this presentation is to:

- Demonstrate the importance of the European Union – the world's largest single market
- Outline its future dimensions as it expands towards the east
- Describe the present status and future prospects for mechanical engineering within this market
- Explain why Baden-Württemberg is the ideal location from which to serve the mechanical engineering market – Europe wide

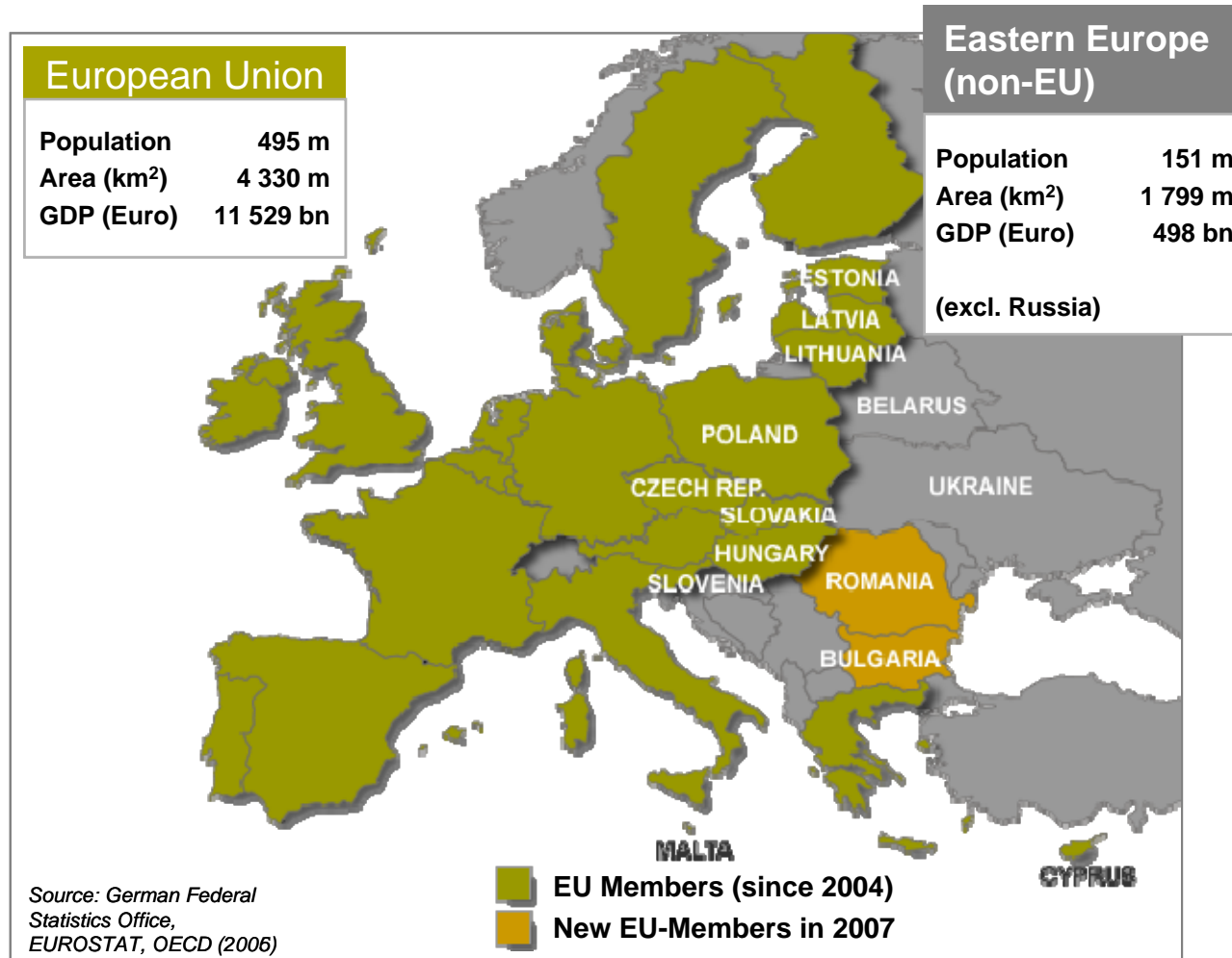


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Europe is expanding towards the East



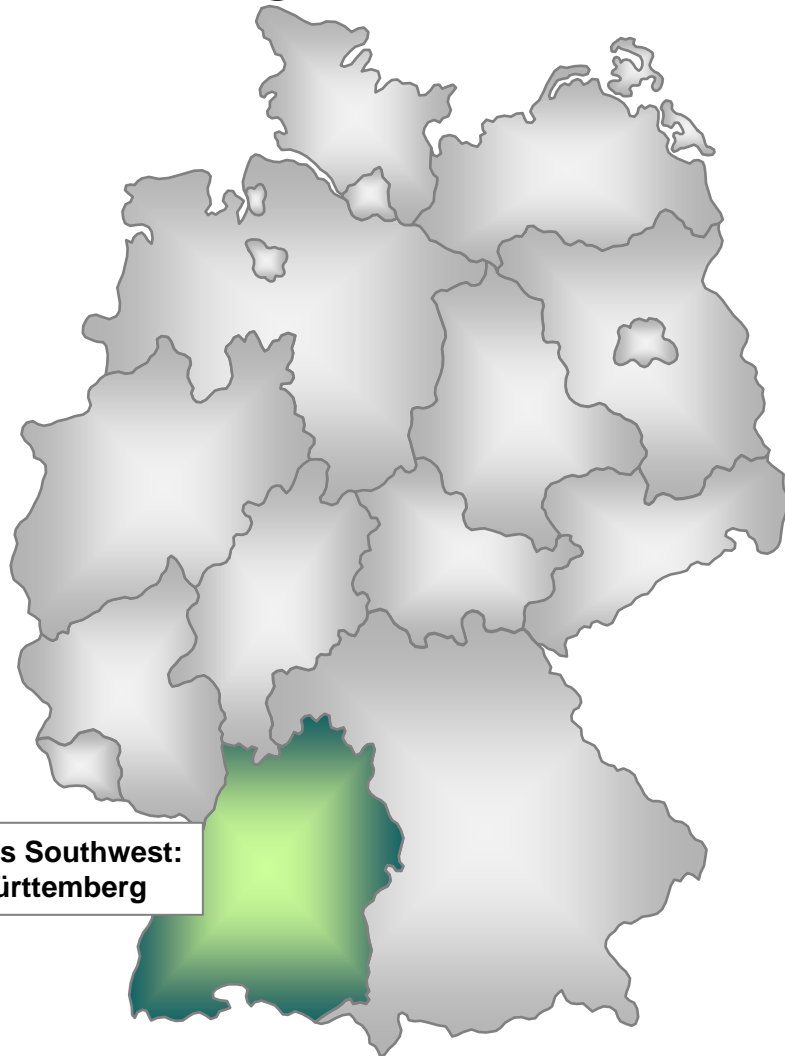
In the last two decades, the sharp contrasts between the Western and the Eastern European countries have been fading and the European Union is the major driver for Europe's integration.

Since May 2004, Poland, the Czech Republic, Slovakia, Hungary, Slovenia, the Baltic States, Cyprus and Malta are members of the European Union. In 2007, Romania and Bulgaria are have joined the EU.

European integration opens up a vast market for your company with untold market opportunities.



The right Location for Growth and Prosperity



Baden-Württemberg is already the most highly industrialized and one of the most prosperous regions in Germany.

Its proximity to important markets – east and west – makes it an ideal location for pan-European activities.

And it has further merits:

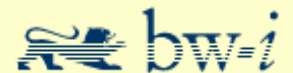
- It has a highly developed infrastructure – suppliers, R&D facilities, business services.
- Its workforce is well trained, innovative and productive.
- Its companies have an established export orientation and know how to penetrate new markets.

It is set to succeed in the 21st Century.



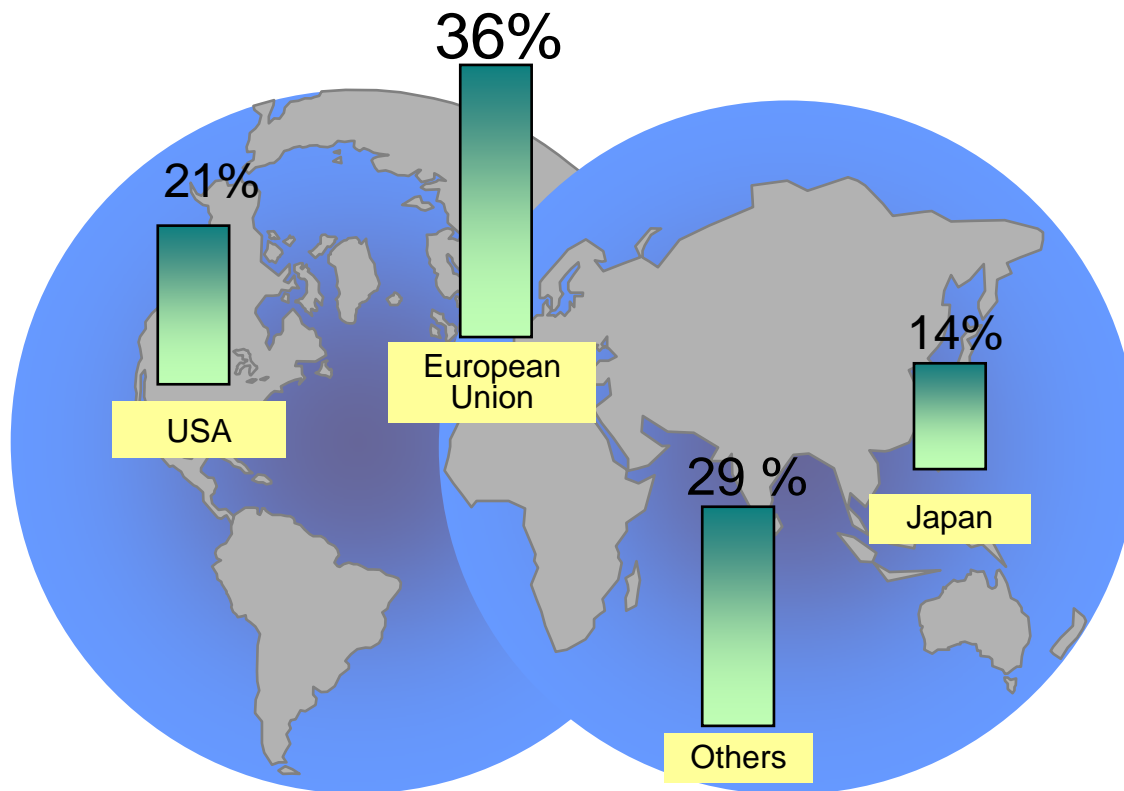
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The EU – Leading a Thousand Euro Market

Worldwide Production in Mechanical Engineering
in Percent of Total World Production



Source: VDMA

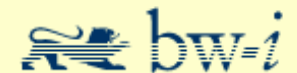
The world mechanical engineering market amounts to € 1 300 bn.

Within the EU, the German market for mechanical engineering is by far the largest with total sales of € 180 billion.



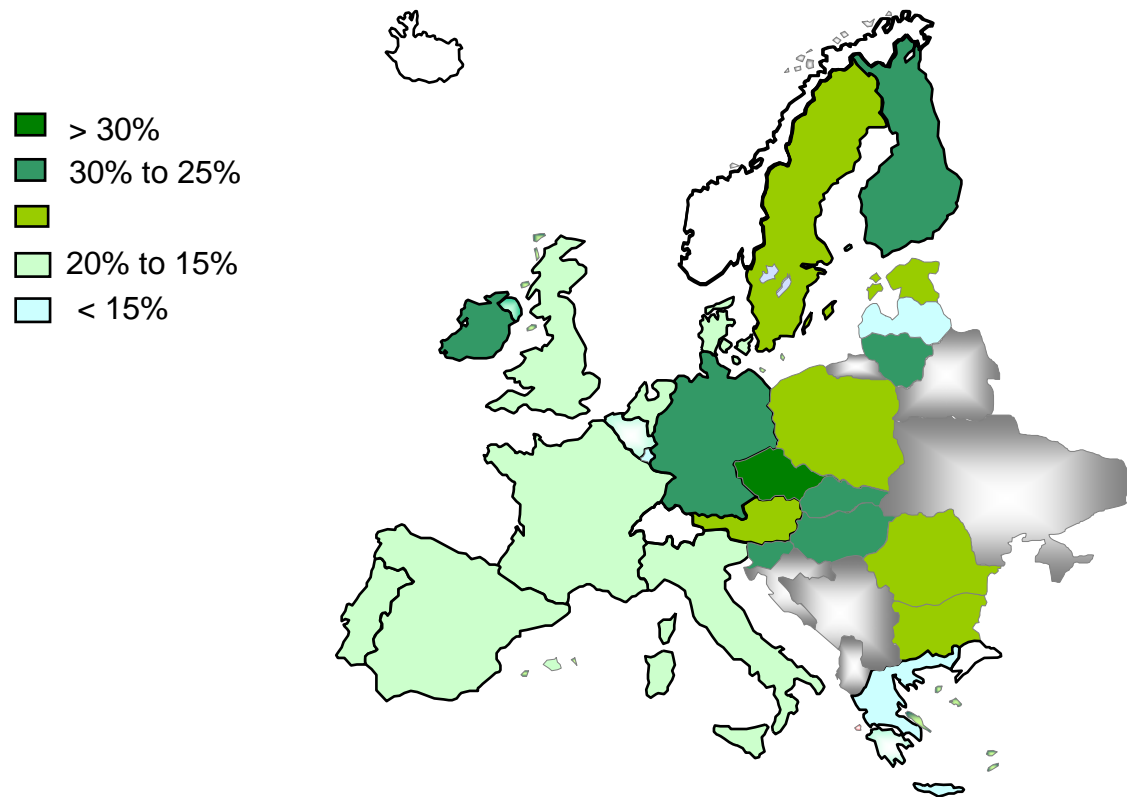
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A Foothold in Germany ensures Proximity to Industrial Customers

The Manufacturing Industry Share of National Economy (in %)



Among the Western European countries, Germany has with 26% the highest share of the domestic content in the manufacturing industry.

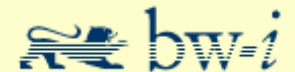
For a producer of Mechanical Engineering, a foothold in Germany ensures close proximity to a large number of customers and suppliers.

Source: Eurostat



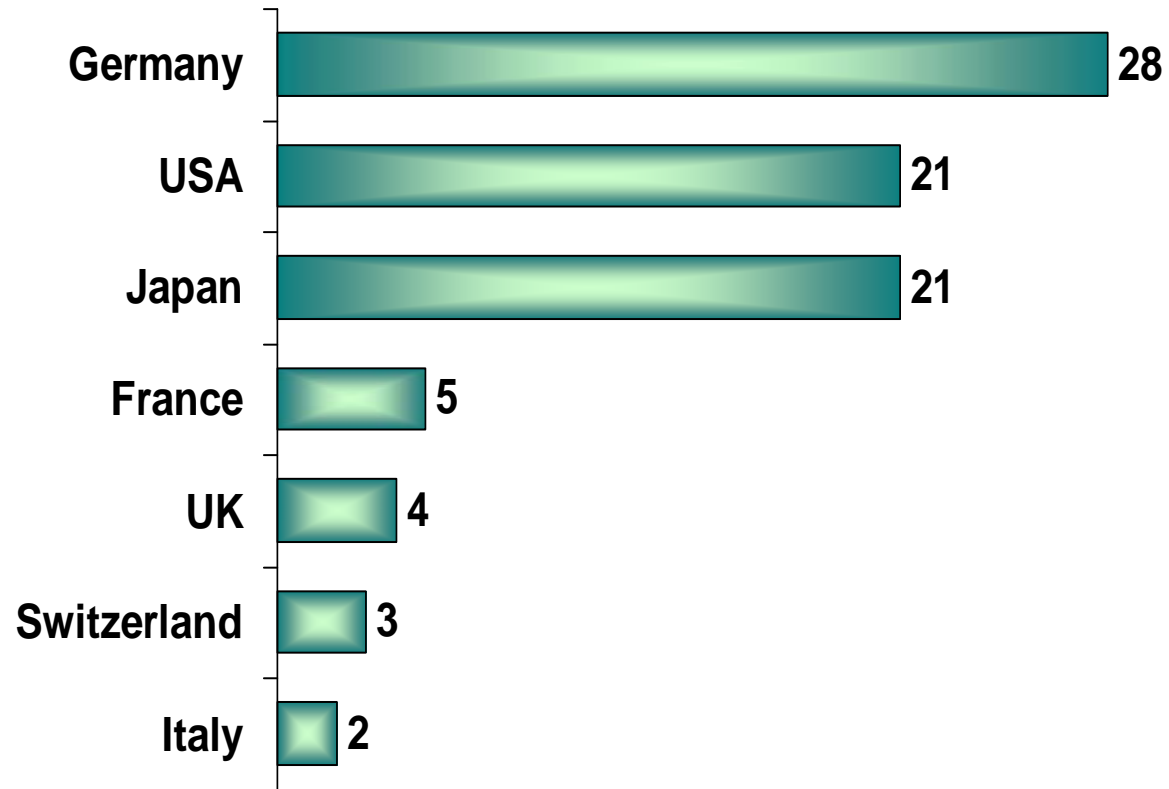
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Germany – Technology Leader in Mechanical Engineering

Share of Worldwide Patents Registered in mechanical engineering in %



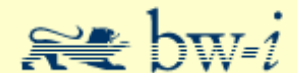
With 28 % of the worldwide patents registered internationally in mechanical engineering, Germany is the leading innovator in mechanical engineering.

Source: VDMA



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Steady Growth in Mechanical Engineering in Eastern Europe



Eastern European companies know that to sell in the west, they must produce better quality goods. The introduction of new machines is seen as an essential:

- Equipment is obsolete
- Processes are inefficient
- Productivity and quality are below Western levels

Funds to finance modernization are being made available:

- Donor organizations are funding restructuring projects
- Foreign investors are bringing in capital



Further Growth Opportunities in the EU

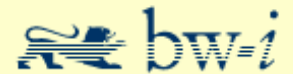


- The market is growing and will continue to increase
- High-quality, high-tech products are increasingly in demand
- There is room for new market entrants among the wide range of producers
- EU norms and standards are not a hurdle, but an opportunity to serve an ever-expanding market



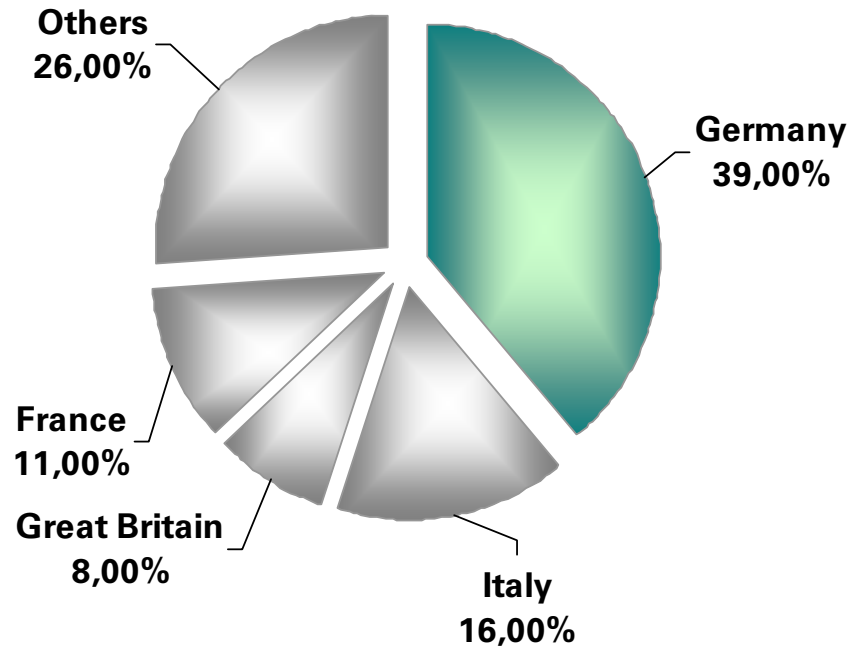
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Germany – The dominating Producer in the Euro-Zone

Production in the Mechanical Engineering Industry in the EU (27) by Country



Source: VDMA

The EU market has a production volume of €460 billion. Germany accounts for 39 % of the machinery and equipment produced in the Euro-Zone.

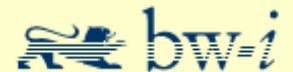
This includes the production of German companies and the American, Japanese and other subsidiaries located in Germany.

The next important supplier is Italy with a 16 % production share.



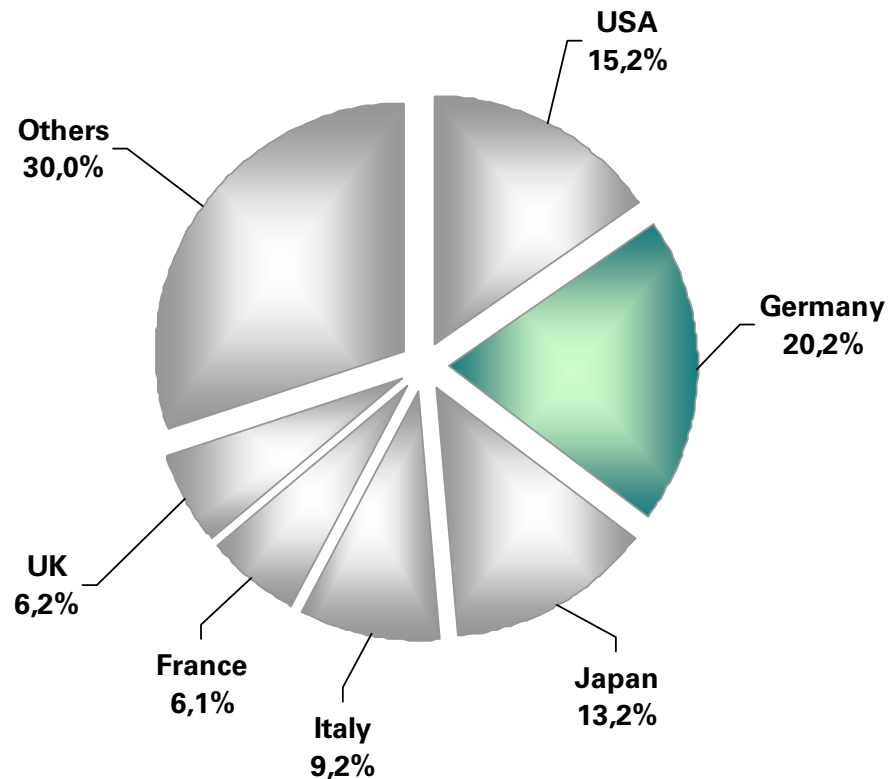
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Germany – A Leading Exporter of Machinery & Equipment

Machinery and Equipment Export Shares of OECD countries



With a 20,2% share of exports of machinery and equipment of OECD-countries, Germany is –together with the USA and Japan – leading the World Machinery and Equipment Exports.

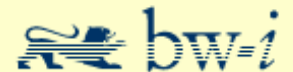
Main export destinations for Germany are other EU countries and the USA. Two thirds of total European production go to other Euroland countries.

Source: German Federal Statistics Office



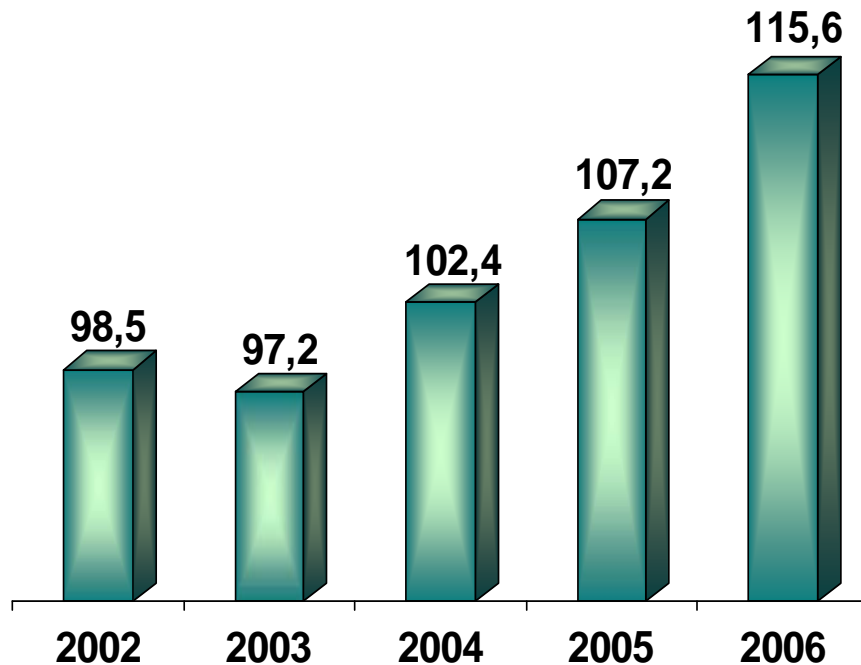
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Production of the Mechanical Engineering industry is growing steadily

Production Index for the German Mechanical Engineering Industry (2000 = 100)



Source: VDMA

Between 2004 and 2006, production rose by on 19% annually. Further growth is expected in the future.

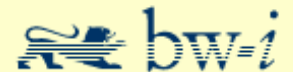
The driving forces behind this growth are:

- Continuous new product development and innovation
- Switch from stand-alone machines to integrated systems
- Combination of mechanics with other technologies – microelectronics, informatics, optics, sensor technology



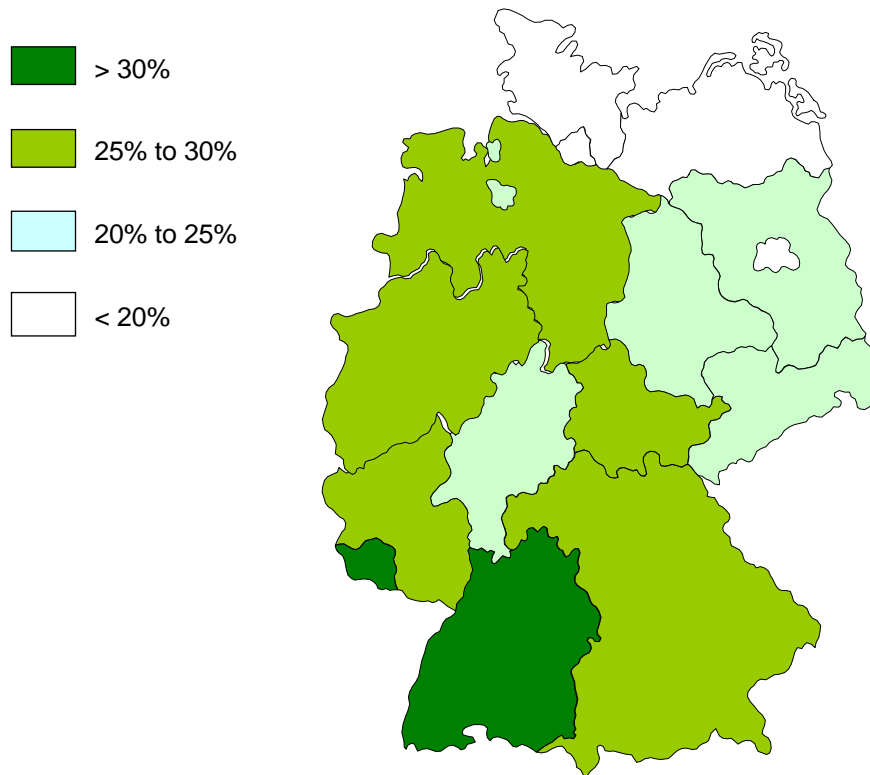
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Baden-Württemberg – Germany's most highly industrialised State

The Manufacturing Industry's Share
of National Economy (in%)



Source: German Federal Statistics Office

The mechanical engineering industry draws on all the high-tech skills of the modern age: mechanical engineering, electronics, vehicle construction, precision machinery and optics – and needs high-quality suppliers.

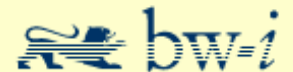
Within Germany, 22% of the companies in these sectors are in Baden-Württemberg.

With its industrial density and dedication to quality, it is the ideal location for companies in the mechanical engineering sector.



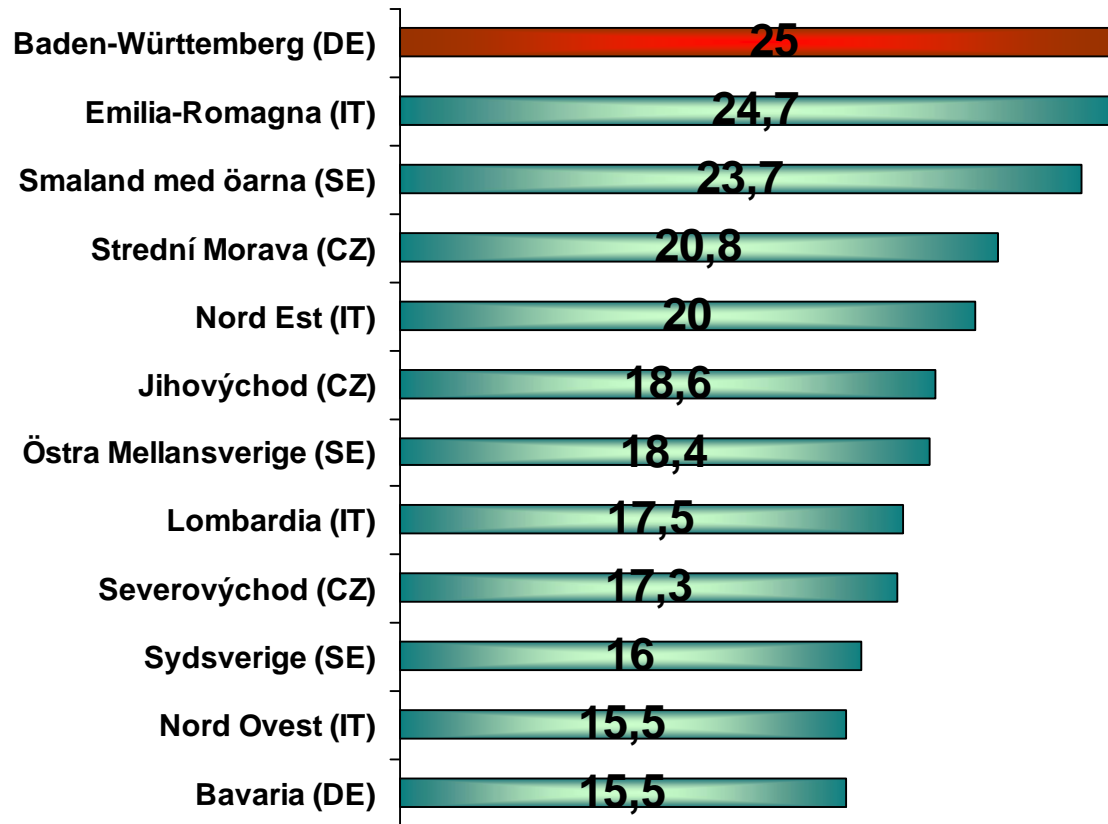
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Baden-Württemberg is the TOP Region in the EU for Mechanical Engineering

Number of employees in Mechanical Engineering per 1.000 inhabitants



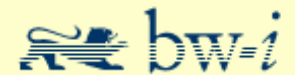
Source: VDMA

Baden-Wuerttemberg is the top location in the European Union, with respect to employment in mechanical engineering. In Germany only still Bavaria is also among the top regions.



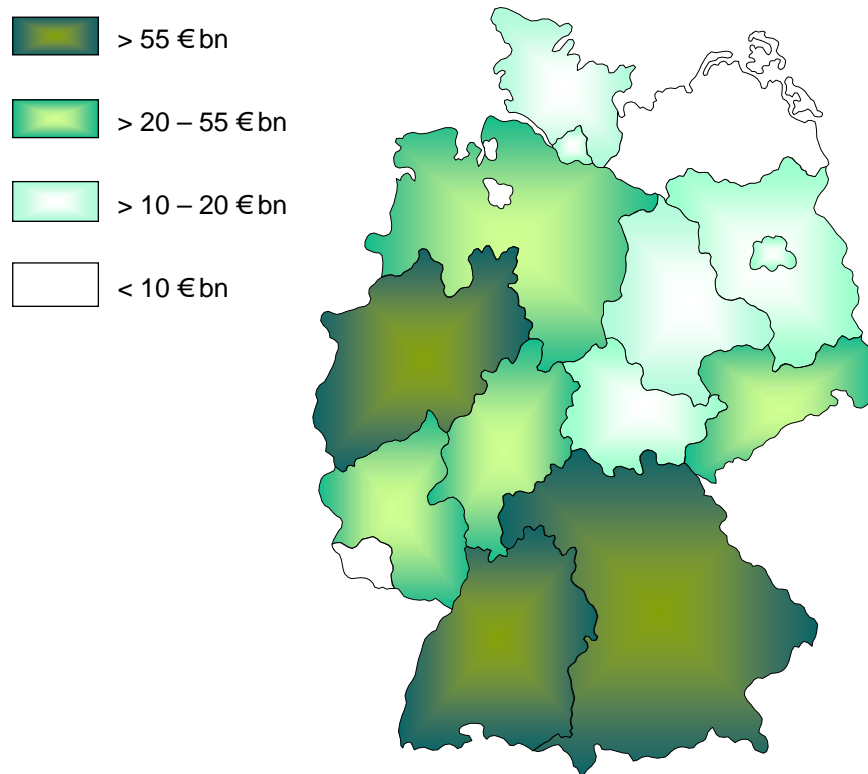
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Baden-Württemberg – An attractive machinery market

Annual investment in machines
and in equipment in €billion



Source: German Federal Statistics Office

German companies invest about € 439 billion annually in machines and equipment.

The main reasons are:

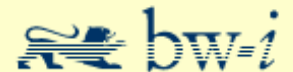
- To keep up with technological trends and changing market demands
- To increase productivity and thus reduce unit costs
- To maintain their reputation for quality products

Baden-Württemberg companies alone with their special dedication to quality and technical excellence invest more than 15% of total investments into machines and equipment in Germany annually.

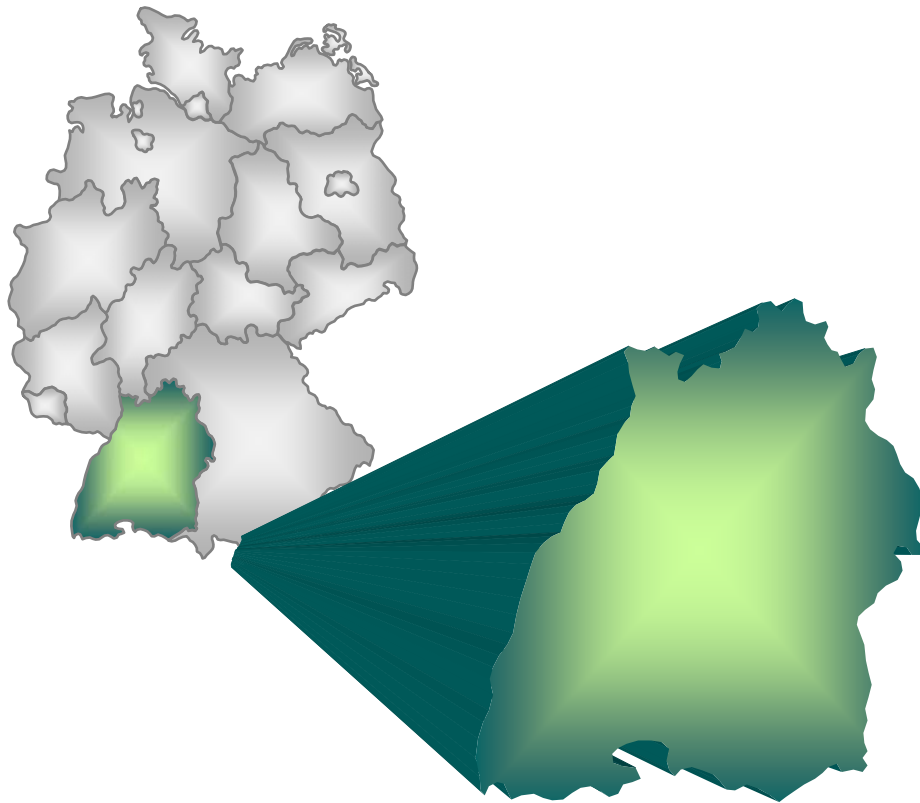


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Mechanical Engineering – A dynamic Sector in Baden-Württemberg



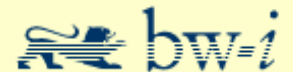
- With a workforce of 252 000 people, Baden-Württemberg is the center of machine building in Germany. 32% of the machines "Made in Germany" are produced here.
- 66.3% of the production volume is exported. With an annual export value of over € 34.5 billion, machine building accounts for 24% of Baden-Württemberg's total exports.

Source: VDMA, Figures from 2006

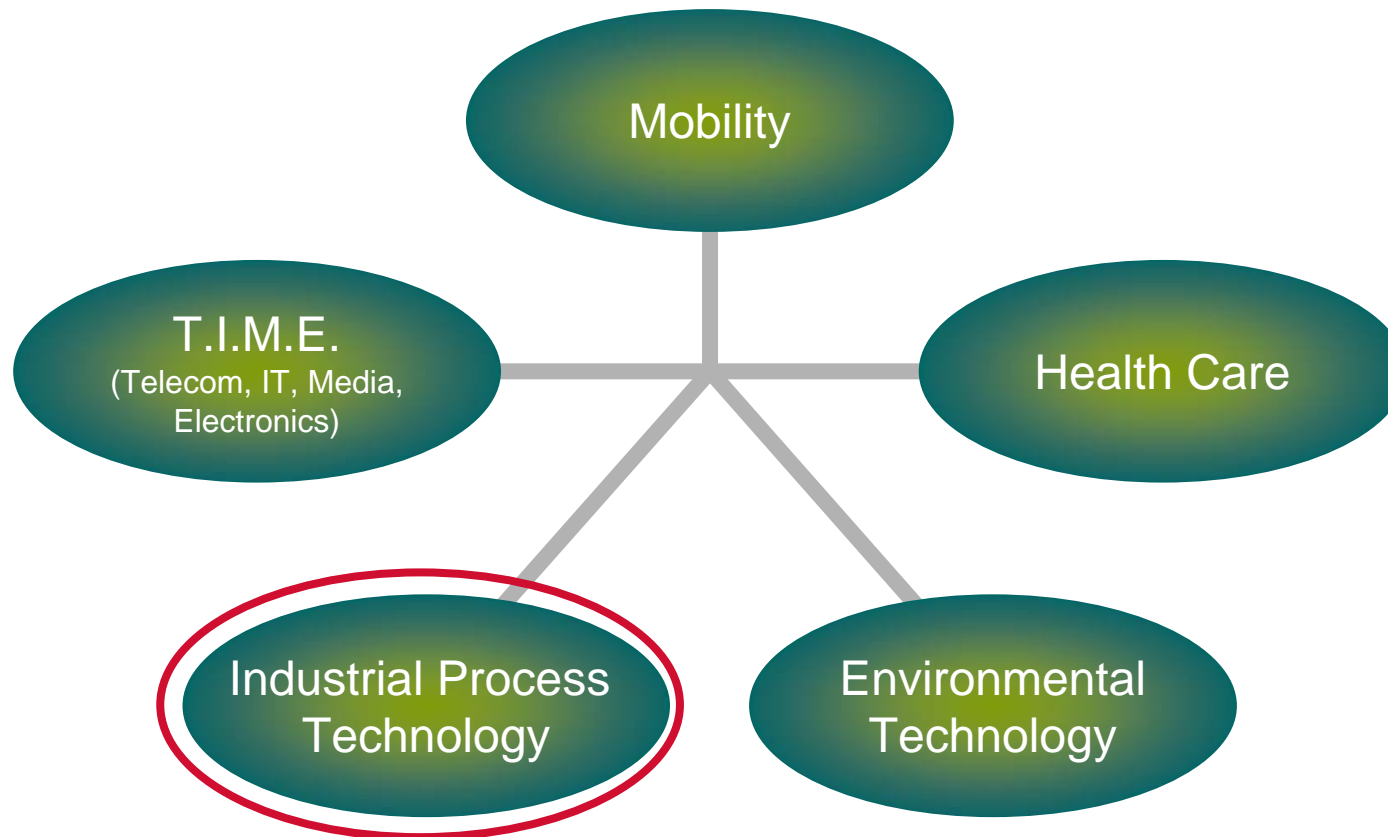


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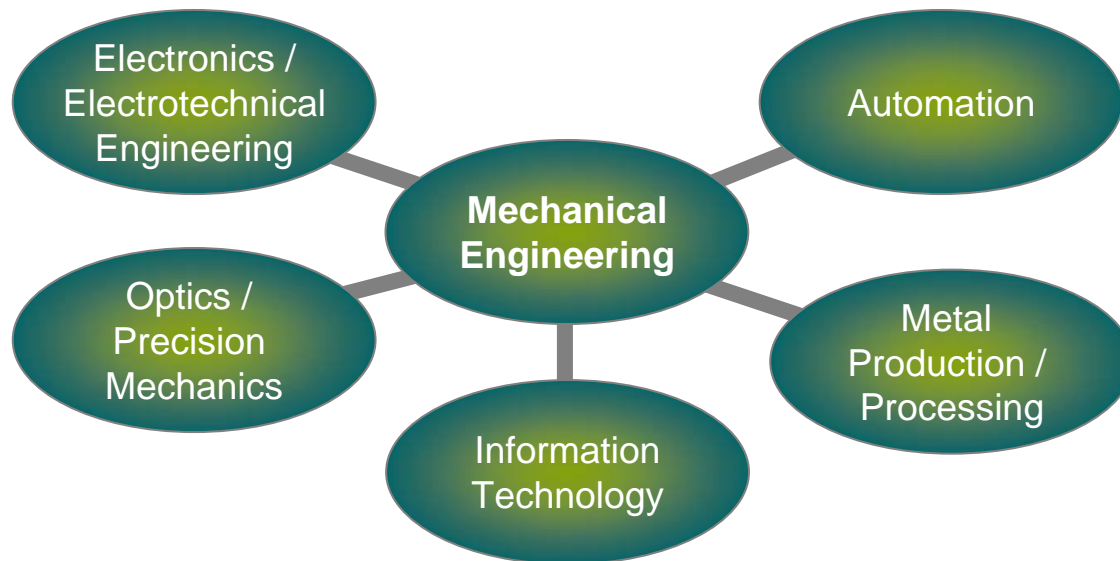


Industrial Process Technology in Baden-Württemberg



Industrial Process Technology in Baden-Württemberg

Industrial Process Technology



Mechanical Engineering is no longer considered as an isolated sector, but as a closely knit network of industries – the Industrial Process Technology sector.

Particularly in Industrial Process Technology, innovation depends on close cooperation between these sectors of industry.

In Baden-Württemberg, all relevant industries are present in great density – one of the few regions worldwide that offers this advantage.



Companies

Citizen Machinery & Boley

VOITH

EISENMANN

TRUMPF



HEIDELBERG



CHIRON



MAKINO

MORI SEIKI
THE MACHINE TOOL COMPANY

INDEX



EX-CELL-O

MW MÜLLER WEINGARTEN

BOSCH



SCHULER

Rohwedder
Excellence in Automation

GRÄSSLIN

GÜHRING

FANUC

Mazak
Digital Manuf @cturing Solutions

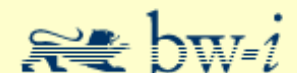
FESTO

SEW
EURODRIVE

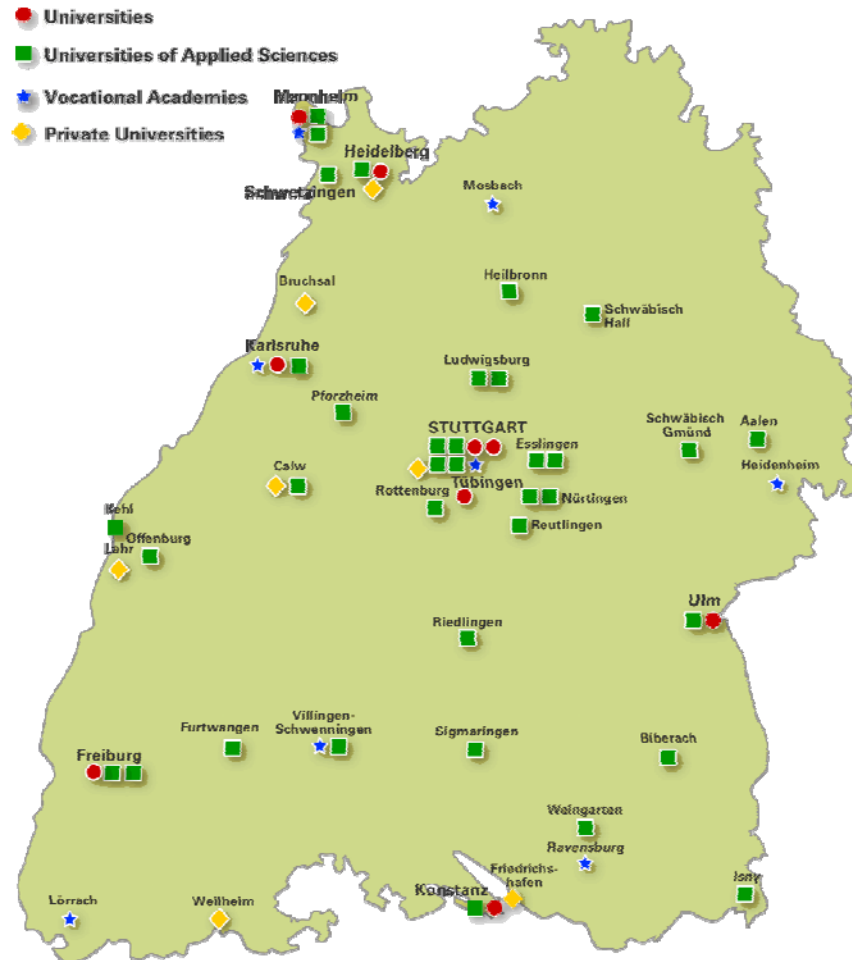


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Baden-Württemberg – An excellent structure for higher education



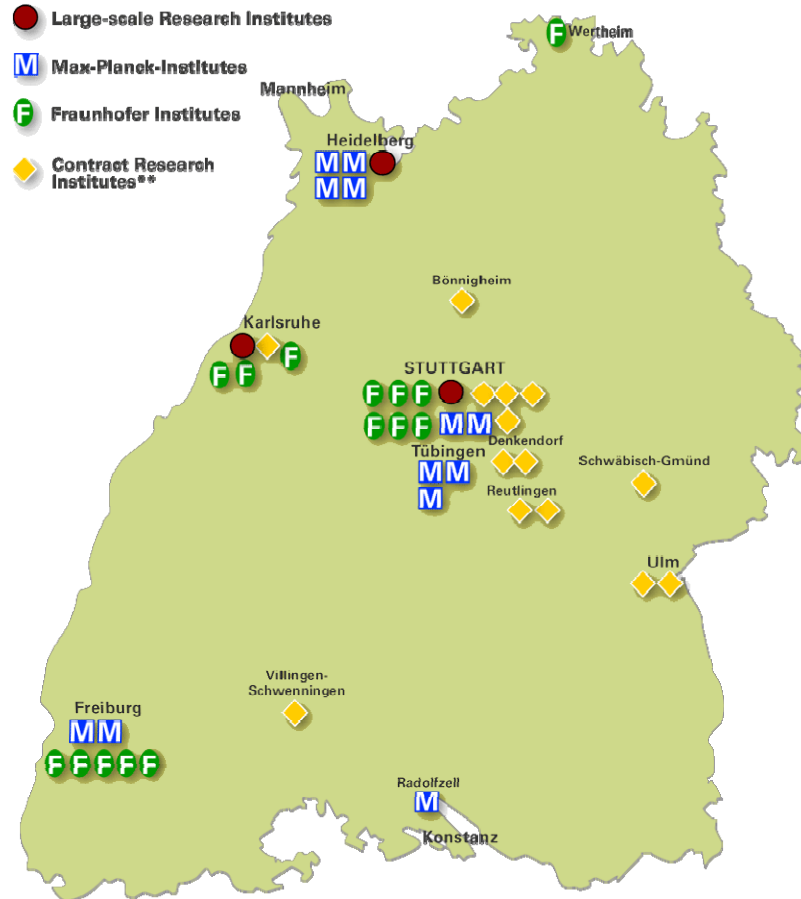
Baden-Württemberg has the most densest and the most modern structure of Universities and Academies for higher education, including

- 9 Universities
- 36 Universities of Applied Sciences
- 6 Universities of Education
- 8 Universities of Arts
- 8 Vocational Academies
- 7 Private Universities

A network of technology transfer centers provides the bridge between private industry and research institutes and guarantees rapid access to new results.



Baden-Württemberg – A highly developed Research Infrastructure



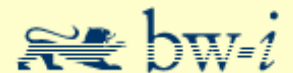
The State provides a unique research infrastructure consisting of

- 3 Large-scale research institutes
- 12 Max-Planck-Institutes
- 15 Fraunhofer Institutes
- 13 Contract research institutes

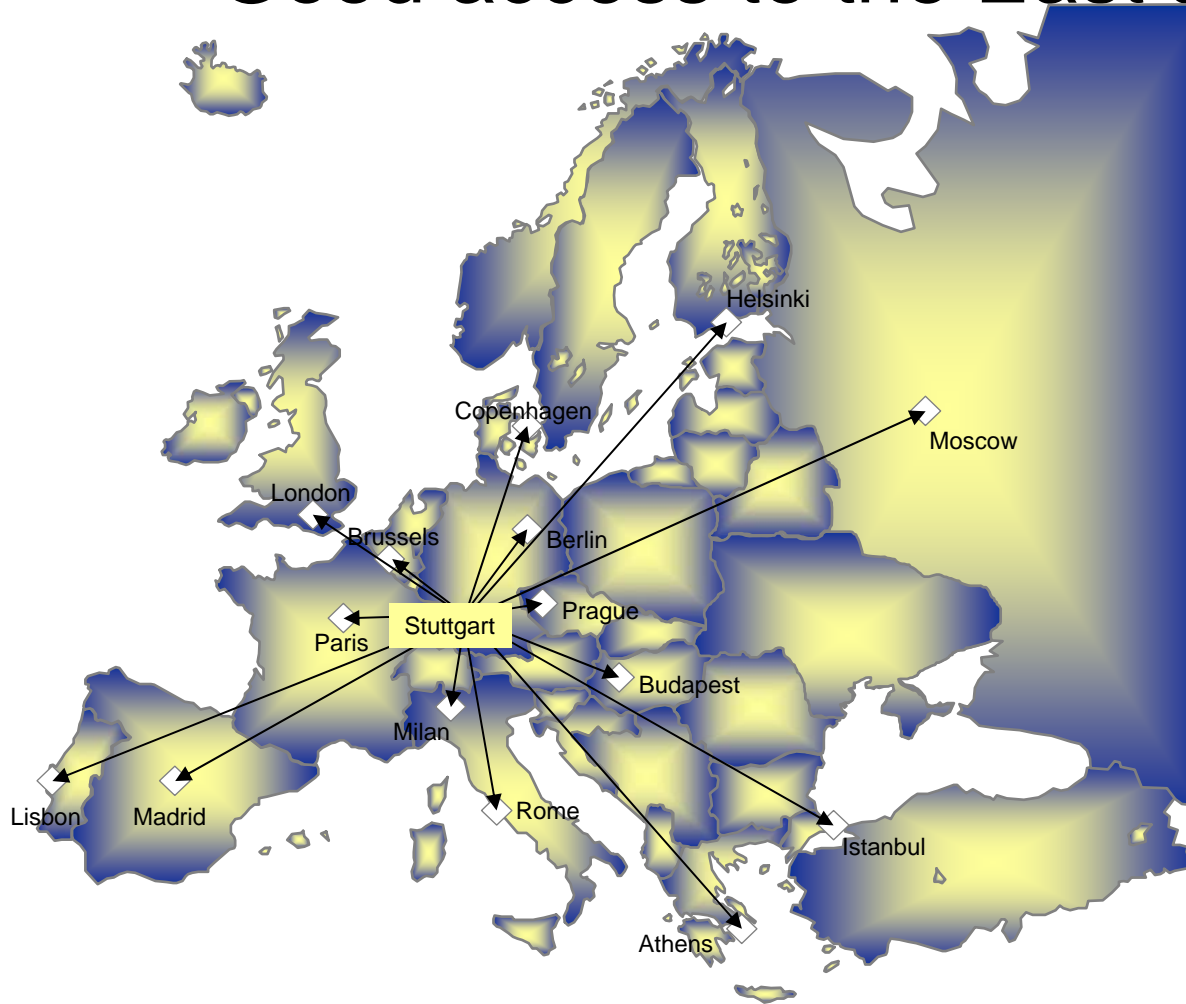


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Baden-Württemberg – Good access to the East and the West

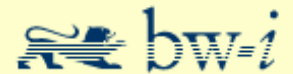


Distance	in km	flight time
Athens	1677	3hrs/40
Berlin	512	1hr/10
Brussels	416	1hr/5
Budapest	749	1hr/20
Copenhagen	802	1hr/40
Helsinki	1621	2hrs/40
Istanbul	1776	4hrs
Lisbon	1841	2hrs/10
London	727	1hr/50
Madrid	1378	2hrs/20
Milan	369	1hr/5
Moscow	2067	5hrs/10
Paris	502	1hr/20
Prague	408	1hr
Rome	808	1hr/35



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Baden-Württemberg Facts & Figures

Population	10.7 million inhabitants
Gross domestic product (GDP)	Euro 353 billion
Expenditure on R&D	Euro 13.7 billion = 4,2% of the State's GDP
Patent applications per year	> 13 638 = 28,5% of German total
Number of manufacturing plants (with more than 50 employees)	4 500
Export quota (manufactured products)	51 %
Value of exports	Euro 150 billion = 1.8 % of the World's exports
Research facilities	> 100 major research institutes
University, technical and vocational college students	242 938



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Services provided by Baden-Württemberg International

Baden-Württemberg International is your central port of call if you are looking for a location or a Baden-Württemberg partner with whom to establish fruitful business relations. Our range of services includes:

When you are looking for an industrial location:

- Information on Baden-Württemberg and on individual industrial sites.
- Consulting on government subsidies and programs.
- Assistance with all contacts to authorities, including permit procedures.
- Support in the search for suppliers and the selection of service companies.

When you are looking for cooperation partners:

- Information on market potential and market specifics.
- Planning of information visits, including appointment scheduling.
- Identification of potential partners that meet your specific demands.
- Assistance with trade fair activities in Baden-Württemberg.

Baden-Württemberg International
Willi Bleicher Strasse 19, D -70174 Stuttgart
Phone: ++49-711-2 27 870 • Fax: ++49 711 2 27 87 22
Internet: www.bw-invest.de • E-Mail: info@bw-i.de



Baden-Württemberg

Baden-Württemberg International The logo for Baden-Württemberg International, consisting of a stylized blue wave or ribbon graphic followed by the lowercase letters 'bw-i' in a blue serif font.